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217

INTELLIGENCE BRIEF

FRENCH NUCLEAR AND CONVENTIONAL FORCES
IN THE 1966 MILITARY BUDGET

DIRECTORATE OF INTELLIGENCE
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FRENCH NUCLEAR AND CONVENTIONAL FORCES
IN THE 1966 MILITARY BUDGET*

The French military budget for 1966 reveals a continuation of the trend of increasing costs for the Force de Dissuasion (hereafter referred to as the Force) at the expense of funds for maintaining and modernizing the conventional forces. Total outlays for the Force during 1966 will be about 7.4 billion new francs (nf)** (\$1.5 billion) -- a level equal to about one-third of the total French military budget in that year. This is a level somewhat higher than had been anticipated in previous intelligence estimates. It is expected that these costs -- growing at about 10 to 12 percent per year -- will continue to absorb an increasing share of the French military budget during the next few years if the government continues its policy of holding total defense expenditures as a constant share of GNP. During this period, GNP at current market prices is not expected to achieve an average annual growth rate of more than about 6 to 8 percent. To avoid creating additional inflationary pressures on the economy, the government will make every effort to hold defense expenditures to this level, at least in the next few years.

For the first time in modern French history, investment in military equipment -- about half of which is for the Force -- exceeds appropriations for operating expenses of French armed forces. The generally successful efforts of the government to keep the development of the Force on schedule will probably continue during the next few years but will result in a further weakening of the combat effectiveness of the conventional forces.

Although it is consistent with present government doctrine that the development of the Force will have priority over the reequipping of the conventional forces during the period of the Second Program Law, *** the 1966 budget clearly indicates that several programs for modernizing the conventional forces are being delayed even beyond the target dates established under the Program Law. Moreover, the presentation of the

* The estimates and conclusions in this brief represent the best judgment of this Office as of 16 November 1965.

** At the official rate of exchange, 4.937 new francs equal US \$1.

*** The Second Program Law (Projet de Loi de Programme Relative à Certains Equipements Militaires) was voted by the National Assembly in 1964 and authorizes funds for the purchase of military equipment during the period 1965-70. Particular emphasis is given to the nuclear weapons program.

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1966 budget by the Defense Minister suggests that this trend will continue for two or more years. The cumulative effect of such delays will force the government at some future date to begin a new drive, at greater expense, to correct not only the initial planned imbalance between the nuclear and conventional forces but also the additional imbalance now being created. When that point is reached -- possibly by the end of the present defense plan period (1965-70) -- operational expenses for the Mirage IV bombers and for the IRBM force will be peaking, and the costs of the program to acquire a submarine-launched missile force will also be rising rapidly. The addition of further costs for the conventional forces at that time may force the government either to continue to stretch out its modernization program or to reexamine its policy of keeping total defense costs in a constant relationship to GNP.

1. Military Budget for 1966

Pierre Messmer, the French Defense Minister, presented the 1966 defense budget to the National Assembly on 21 October 1965. The budget has been approved by the National Assembly and is now being debated in the Senate. It is highly unlikely that any significant changes will occur. According to this budget, total defense expenditures will be 22,014 million nf, an increase of 5.8 percent over the 1965 budget. This increase is comparable to an estimated increase of 5.9 percent in the GNP and an increase of 7 percent in the national budget. Messmer emphasized the stability of the defense budget in relation to the GNP, reflecting the policy of the French government to maintain a balance between defense expenditures and economic growth. A significant change in the 1966 military budget is the fact that equipment expenditures exceed operating expenditures for the first time. Operating expenditures (Title III in the French budget) will be about 10,505 million nf, while equipment expenditures (Title V) will amount to 11,509 million nf. 1/

2. Nuclear Weapons Program

The military budget for 1966 reflects the continually growing cost of the Force and the resulting decline in the effectiveness of the conventional forces. Several important factors contribute to this upward trend in Force costs.

The first generation of the Force is becoming operational with 35 Mirage IV aircraft on hand and 15 more scheduled to be ready by next year. Two squadrons of 12 planes each are almost operational at the present time. Although the French government is maintaining a discreet

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silence regarding the operating cost of the Mirage IV, it is probable that these costs are higher than expected. 2/

Intensive work is being done on the second generation of the Force, which will consist of 30 IRBM's in silos. Construction of silos is scheduled to begin in the fall of 1966, and some IRBM sites are expected to become operational by 1968. Progress on the nuclear Polaris-type submarine, the third generation of the Force, is generally on schedule. The first Polaris-type missile is scheduled to be test fired from the Gymnote, the non-nuclear missile test submarine, in 1966, but some slippage may occur in this schedule.

The French government still contends that the Pacific nuclear test site will be completed in 1966, despite some reporting that work on the site is not progressing according to plan. Particular difficulty is being experienced in supplying the test site, and construction costs are now expected to exceed earlier French estimates of about 3,500 million nf. The French Navy is committing about 40 percent of its operational tonnage to support the construction of the Pacific test site and is also required to provide additional ships for support of the Landes and French Guiana missile test bases. The cost of this effort is being financed through the Navy budget rather than through authorizations for construction of the test site. 3/

Another factor contributing to the increasing cost of the French nuclear weapons program is the development of tactical nuclear weapons and tactical missiles for the ground forces. Messmer indicated that tactical nuclear weapons would be available for the French Army about 1970. 4/ Research and development relating to miniaturizing nuclear warheads for tactical applications is expensive, and the work being done at present will add to the cost of the nuclear weapons program.

The impact of all of the above factors when taken together is obvious in the 1966 military budget. Expenditures for the Force under the 1966 budget will be about 5,600 million nf, or about 25 percent of the defense budget. 5/ There is, furthermore, an additional factor to be considered. The 5,600 million nf explicitly identified for the Force in the 1966 military budget understates the full cost of the Force. Certain expenditures from other budgetary categories are made either directly or indirectly in support of the Force and should consequently be attributed to the cost of the Force. The portion of the funds of the Commissariat à l'Energie Atomique (CEA) which should be applied to the Force have been previously estimated at about 800 million nf annually during the period 1960-65. 6/ This estimate is still believed to be valid for 1966. As

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mentioned above, the French Navy is currently devoting more than 40 percent of its operational tonnage to the support of the Pacific test site and other test range activities. If the factor of about 40 percent is applied to the operational portion of the 1966 Navy budget, approximately 800 million nf of Navy operating funds are attributable to the cost of the Force. Some expenditures for other Navy, Air Force, and Army personnel and equipment at the Pacific test site and at the Landes missile range can also be viewed as part of the full cost of the Force. Although it is not possible to estimate such costs with precision, it is believed that they will lie in the range of between 100 million and 300 million nf. The estimated full costs of the Force in 1965 and 1966, when CEA and service costs are included, are shown in the table.

Comparison of Estimated Full Cost of the Force de Dissuasion
1965 and 1966

	Million New Francs	
	<u>1965</u>	<u>1966</u>
Direct appropriations	5,000	5,600
Indirect appropriations		
CEA (military portion)	800	800
Military services (operational support of the <u>Force</u>)	800	900 to 1,100
Total	<u>6,600</u>	<u>7,300 to 7,500</u>

The total full cost of about 7,400 million nf (midpoint of the range of 7,300 million to 7,500 million nf) for the Force represents a level equal to about one-third of the 1966 military budget. The budgetary figure attributed directly to the Force of 5,600 million nf represents only 25 percent of military appropriations. Force expenditures have previously been predicted to run between 25 and 35 percent of the military budget by 1970, 7/ but these expenditures probably will reach the upper end of this range earlier in the program than had been expected. The appropriations specifically allocated to the Force in the 1966 budget show an increase of 12 percent over the budgetary appropriations for 1965. Although in 1965 and 1966 the expenditures of the CEA and the military services operational budgets directly related to the Force will not necessarily follow the same trend, it is probable that some growth will occur at least in the military category and that the full cost of the Force in 1966 will increase by at least 10 percent over the 1965 figure, as shown in the table. This estimate is based on reporting of planned large increases

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in service personnel at the Pacific site when testing begins in 1966. One result of the increasing expenditures for the Force has been a continued deterioration in the combat effectiveness of the conventional forces. Furthermore, it now appears that total expenditures for the Force during 1965-70 may well be pushed into the upper portion of the range of 45 billion to 60 billion nf that was earlier estimated as probable expenditures for the Force during this period.

3. Impact of Nuclear Expenditures on Conventional Forces

It is government policy that the Force, keystone of French military doctrine, will have priority over the conventional forces. Nevertheless, the Second Program Law authorized funds for modernizing the conventional forces and established target dates for the completion of this process. The increasing costs of the Force, however, are pushing the target dates for strengthening the conventional forces further into the future. In order to remain within authorized budget ceilings and still continue development of the Force generally on schedule, certain austerity measures will be implemented with regard to conventional forces. The Army will be cut in strength by about 5,000 men, and production of the AMX-30 tank will be held at around 100 per year -- a level to be reached by 1968 as opposed to the original plan for 150 to 200 per year, which was to have been reached by 1967. Only two divisions will be reequipped by 1970 instead of the three originally planned. Naval personnel stationed ashore will be reduced by 8 percent, and 15 ships will be deactivated. New ship construction will be mostly in the support category. Furthermore, the Navy will continue to devote a large part of its budget to support the construction and operation of the nuclear test site in the Pacific. One Air Force fighter-bomber wing has been deactivated. Interest is primarily centered on construction of support and training aircraft to be built jointly with the United Kingdom. Pay increases for all of the services are far below expectations, and morale is reported to be suffering. The number of civilian personnel in the office of the Ministry of Defense will be reduced by about 6,000. 8/ The French military, however, is very concerned about the prospects for the future. Most of the ships being operated by the Navy were constructed between 1954 and 1960 and were built on the basis of the needs of the Navy in the 1960's. Since 1960, ship construction has slowed down sharply. The Navy fears that the needs of the 1970's cannot be met if planning is not done now, and it is further concerned that the nuclear submarine program will require practically all of the funds available to the Navy. In 1965, nuclear submarine construction costs amounted to 68 percent of the total equipment budget of the Navy. 9/ The Air Force, while not suffering cutbacks as large as those of the Army and Navy, is fearful

that a gap will occur between the last of the Mirage III's and the Franco-British variable geometry aircraft. The Franco-British aircraft is probably at least 8 to 10 years in the future.

Finally, the Army sees the day that it will have five fully equipped divisions, promised in the Second Program Law, being pushed farther into the future. As the production of the AMX-30 tank is spread out over a longer period of time, the Army visualizes having to purchase obsolete equipment at continually increasing prices. The same concern is expressed with regard to the production of the task force helicopter which is supposed to be supplied to the ground forces. 10/

While the 1966 budget, together with other data, shows that costs for the nuclear Force appear to be rising more rapidly than planned and that some planned programs for conventional forces are experiencing at least temporary cuts, there is no basis for concluding that this presents an insurmountable difficulty for the French government. The government appears to have placed its two highest priorities -- developing the Force de Dissuasion and maintaining annual increases in total defense costs at the same rate as growth in GNP -- in the determining role. As a consequence, the government has accepted additional austerity for the conventional forces as a temporary expedient. What is not clear, however, is the basis for the seemingly implicit belief of the French government that either the rate of increase in the costs of the Force will slow down in the future or that increases in GNP over the next five or more years will rise sufficiently to outpace the growth in the costs of the Force and thereby generate funds to redress the additional imbalance now being created between the nuclear and conventional forces. If neither development occurs, it appears that the French are merely pushing into some future date the difficult political decision to devote a larger share of GNP to defense.

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